

UNIT CORPORATION

A Delaware Corporation

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Federal EIN: 73-1283193
NAICS: 211120, 211130, 213111

Issuer's Quarterly Report For the quarterly period ended June 30, 2025 (the "Reporting Period")

The number of shares outstanding of our common stock is 9,868,214 as of August 07, 2025.

The number of shares outstanding of our common stock was 9,853,784 as of March 31, 2025 (end of previous reporting period).

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes ☐ No ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes ☐ No ☒

Indicate by check mark whether a change in control of the company has occurred over this reporting period:

Yes ☐ No ☒

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Forward-Looking Statements

This report contains “forward-looking statements” related to future events within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included or incorporated by reference in this document that address activities, events or developments we expect or anticipate will or may occur, are forward-looking statements. The words “believes,” “may,” “intends,” “expects,” “anticipates,” “projects,” “estimates,” “predicts,” and similar expressions are used to identify forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties, and assumptions. Future actions, conditions or events, and future results may differ materially from those expressed in our forward-looking statements. Many factors that will determine these results are beyond our ability to control or accurately predict. Specific factors that could cause actual results to differ from those in our forward-looking statements include:

- the amount and nature of our future capital expenditures and how we expect to fund our capital expenditures;
- prices for oil, NGLs, and natural gas;
- demand for oil, NGLs, and natural gas;
- our exploration and drilling prospects;
- the estimates of our proved oil, NGLs, and natural gas reserves;
- oil, NGLs, and natural gas reserve potential;
- development and infill drilling potential;
- expansion and other development trends in the oil and natural gas industry;
- our business strategy;
- our plans to maintain or increase the production of oil, NGLs, and natural gas;
- our ability to utilize the benefits of net operating losses and other deferred tax assets against potential future taxable income;
- expansion and growth of our business and operations;
- demand for our drilling rigs and the rates we charge for the rigs;
- our belief that the outcome of our legal proceedings will not materially affect our financial results;
- our ability to timely secure third-party services used in completing our wells;
- the impact of federal and state legislative and regulatory actions affecting our costs and increasing operating restrictions or delays and other adverse impacts on our business;
- the possibility of security threats, including terrorist attacks and cybersecurity breaches, against or otherwise affecting our facilities and systems;
- any projected production guidelines we may issue;
- our anticipated capital budgets;
- our financial condition and liquidity;
- the number of wells our oil and natural gas segment plans to drill; and
- our estimates of any ceiling test write-downs or other potential asset impairments we may have to record in future periods.

These statements are based on our assumptions and analyses considering our experience and our perception of historical trends, current conditions, expected future developments, and other factors we believe are appropriate in the circumstances. Whether actual results and developments will meet our expectations and predictions is subject to risks and uncertainties, any one or combination of which could cause our actual results to differ materially from our expectations and predictions. Some of these risks and uncertainties are:

- the risk factors discussed in this document and the documents (if any) we incorporate by reference;
- general economic, market, or business conditions;
- the availability and nature of (or lack of) business opportunities we pursue;
- demand for our land drilling services;
- changes in laws and regulations;
- changes in the current geopolitical situation, such as the current conflict occurring between Russia and Ukraine;
- risks relating to financing, including restrictions in our debt agreements and availability and cost of credit;
- risks associated with future weather conditions;
- decreases or increases in commodity prices;

- the amount and terms of our debt;
- future compliance with covenants under our credit agreements;
- our ability to pay dividends and make share repurchases;
- pandemics, epidemics, outbreaks, or other public health events, such as COVID-19; and
- other factors, most of which are beyond our control.

You should not construe this list to be exhaustive and additional discussion of factors that may affect our forward-looking statements appear elsewhere in this report. We believe the forward-looking statements in this report are reasonable. However, there is no assurance that the actions, events, or results expressed in forward-looking statements will occur, or if any of them do, of their timing or what impact they will have on our results of operations or financial condition. Because of these uncertainties, you should not put undue reliance on any forward-looking statements. Except as required by law, we disclaim any obligation to update forward-looking information and to release publicly the results of any future revisions we may make to forward-looking statements to reflect events or circumstances after this document to reflect incorrect assumptions or unanticipated events.

Item 1. Exact Name of the Issuer and the Address of its Principal Executive Offices

The name of the issuer is Unit Corporation. Unless otherwise indicated or required by the context, the terms “Company,” “Unit,” “us,” “our,” “we,” and “its” refer to Unit Corporation or, as appropriate, one or more of its subsidiaries. Unit was founded in 1963 as an oil and natural gas contract drilling company and have since grown to include operations in exploration and production. Unit Corporation is the name of both the successor entity that emerged from bankruptcy on September 3, 2020 and the predecessor entity prior to emergence. Unit is actively conducting operations as a Delaware corporation and is not a “shell company” as defined in the OTCQX U.S. Disclosure Guidelines and the federal securities laws.

Our executive offices are located at 8200 South Unit Drive, Tulsa, Oklahoma 74132; our telephone number is (918) 493-7700. Our company website is at www.unitcorp.com and our investor relations contact is Rene Punch, Investor Relations via mail or telephone as listed above or via email at ir@unitcorp.com.

Item 2. Shares Outstanding

Common Stock

Stockholders of the Company are entitled to dividends if declared by the Board of Directors. Each share of our common stock entitles the holder thereof to one vote on all matters submitted to a vote of the stockholders. Our common stock has certain stockholder consent rights related to, among other things, the nature of the Company’s business, liquidation and dissolution, and tax treatment. Holders of common stock do not have preemptive rights, or rights to convert their common stock into other securities.

The provisions of Unit Corporation’s articles of incorporation and bylaws that are summarized below may have an antitakeover effect and may delay, defer or prevent a tender offer or takeover attempt that a stockholder might consider to be in such stockholder’s best interests, including those attempts that might result in a premium over the market price for the shares held by stockholders:

- the requirement that only stockholders owning at least 25% of the outstanding shares of our common stock may call a special stockholders’ meeting;
- our Board of Directors is classified in two groups, each serving staggered two-year terms; and
- the prohibition of any stockholder that owns 4.75% or more of the outstanding shares of our common stock acquiring additional shares without approval by the Board of Directors.

Under our certificate of incorporation, we may issue shares of preferred stock on terms that are unfavorable to the holders of our common stock. The issuance of shares of preferred stock could also prevent or inhibit a third party from acquiring us. The existence of these provisions could depress the price of our common stock, could delay or prevent a takeover attempt or could prevent attempts to replace or remove incumbent management.

Our common stock was issued at a par value of \$0.01 and trades on the OTCQX market under the symbol “UNTC” (CUSIP Number: 909218406).

Warrants

Each holder of Unit common stock outstanding (Old Common Stock) before the Emergence Date that did not opt out of the release under the Plan is entitled to receive 0.03460447 warrants for every share of Old Common Stock owned. Each warrant is exercisable for one share of common stock, subject to adjustment as provided in the Warrant Agreement. The warrants expire on the earliest of (i) September 3, 2027, (ii) consummation of a Cash Sale (as defined in the Warrant Agreement), or (iii) the consummation of a liquidation, dissolution or winding up of the Company.

As of June 30, 2025, the Company had authorized 1,843,318 warrants of which 100,668 had been exercised or canceled.

Among other provisions, the Warrant Agreement outlines potential adjustments to the warrants if certain events occur, including (i) stock dividends payable in shares of common stock or stock splits, (ii) reverse stock splits or similar combination events, (iii) Liquidity Events (as defined in the Warrant Agreement), and (iv) other events not explicitly contemplated which may have an adverse impact to the intent and purpose of the warrants as set forth in the Plan, provided, however, the warrants will not be adjusted for (a) any issuances of securities in connection with a merger, share exchange, asset acquisition, stock purchase, recapitalization, reorganization or other similar business combination, (b) the issuance of any securities by Unit on or after September 3, 2020 (the "Effective Date") pursuant to the Plan or upon the issuance of shares of common stock upon the exercise of such securities, (c) the issuance of any shares of common stock pursuant to the exercise of the warrants, (d) the issuance of shares of common stock pursuant to any management stock option incentive or similar plan, (e) a dividend or distribution to holders of common stock of cash, property, or securities (other than common stock), and/or (f) any change in the par value of the common stock. See Note 15 - Commitments and Contingencies for recent litigation related to the warrants.

Pursuant to the terms of the Warrant Agreement, the Company determined the initial exercise price of the warrants to be \$63.74. On April 7, 2022, the Company delivered notice of the initial exercise price to the Warrant Agent and the warrants became exercisable for shares of the Company's common stock. On or about April 25, 2022, the warrants began trading over-the-counter under the symbol "UNTCW". On March 31, 2023, the warrants began trading on the OTCQX Best Market.

The table below presents information about the securities authorized for issuance as of the dates indicated:

	June 30, 2025	December 31, 2024
Common Stock:		
Number of shares authorized	25,000,000	25,000,000
Number of shares outstanding	9,853,784	9,747,725
Number of shares freely tradable (public float) ⁽¹⁾⁽²⁾	9,602,329	9,580,049
Total number of holders of record ⁽³⁾	16	16
Preferred Stock:		
Number of shares authorized	1,000,000	1,000,000
Number of shares outstanding	—	—
Number of shares freely tradable (public float)	—	—
Total number of holders of record	—	—
Warrants:		
Number of shares authorized	1,843,318	1,843,318
Number of shares outstanding	1,721,563	1,721,563
Number of shares freely tradeable (public float)	—	—
Total number of holders of record	—	—

1. The number of shares freely tradable includes shares held by Prescott Group Capital Management LLC and may include shares held by other stockholders owning 10% or more of our common stock. These stockholders may be considered “affiliates” within the meaning of Rule 144, and their shares may be “control shares” subject to the volume and manner of sale restrictions under Rule 144.
2. The number of shares freely tradable excludes shares of our common stock held by our officers and directors as well as shares issued on the exercise of options that had not yet reached the required holding period. These shares may be “control shares” and “restricted shares,” respectively, subject to the volume and manner of sale restrictions under Rule 144.
3. The majority of common stock shares are held in street name.

Transfer Agent

Equiniti Trust Company, LLC
 28 Liberty Street, Floor 53
 New York, New York 10005
 Phone: (718) 921-8200

Equiniti Trust Company, LLC (formerly American Stock Transfer and Trust Company, LLC) is registered under the Securities Exchange Act of 1934, as amended. EQ’s procedures and transactions are regulated and audited by the Securities and Exchange Commission.

Item 3. Unaudited Condensed Consolidated Financial Statements

UNIT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	June 30, 2025	December 31, 2024
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 55,130	\$ 48,884
Accounts receivable, net of allowance for credit losses of \$2.9 million and \$2.9 million at June 30, 2025 and December 31, 2024, respectively	35,634	37,554
Current derivative asset (Note 12)	4,721	534
Prepaid expenses and other	1,979	3,278
Total current assets	97,464	90,250
Property and equipment:		
Oil and natural gas properties, on the full cost method:		
Proved properties	182,341	167,347
Unproved properties not being amortized	9,538	10,655
Drilling equipment	99,593	95,292
Other	8,542	9,391
Property and equipment, gross	300,014	282,685
Less: accumulated depreciation, depletion, amortization, and impairment	139,447	130,890
Property and equipment, net	160,567	151,795
Deferred tax assets, net (Note 16)	29,189	32,979
Non-current derivative asset (Note 12)	210	—
Right of use asset (Note 14)	2,991	3,915
Other assets	10,325	10,304
Total assets	\$ 300,746	\$ 289,243
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 11,223	\$ 11,718
Accrued liabilities (Note 8)	13,504	16,372
Current operating lease liability (Note 14)	2,507	2,436
Current portion of other long-term liabilities (Note 9)	2,621	1,942
Total current liabilities	29,855	32,468
Operating lease liability (Note 14)	571	1,589
Other long-term liabilities (Note 9)	23,238	22,665
Commitments and contingencies (Note 15)		
Shareholders' equity:		
Preferred stock, \$0.01 par value, 1,000,000 shares authorized, none issued	—	—
Common stock, \$0.01 par value, 25,000,000 shares authorized; 12,333,929 shares issued and 9,853,784 outstanding at June 30, 2025, and 12,265,268 shares issued and 9,747,725 outstanding at December 31, 2024	124	123
Treasury stock (Note 5)	(82,703)	(82,703)
Capital in excess of par value	267,138	267,670
Retained earnings	62,523	47,431
Total shareholders' equity	247,082	232,521
Total liabilities and shareholders' equity	\$ 300,746	\$ 289,243

The accompanying notes are an integral part of these
unaudited condensed consolidated financial statements.

UNIT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In thousands except per share amounts)			
Revenues:				
Oil and natural gas	\$ 25,622	\$ 20,410	\$ 54,009	\$ 46,982
Contract drilling	33,463	36,347	68,548	76,979
Total revenues	59,085	56,757	122,557	123,961
Expenses:				
Operating costs:				
Oil and natural gas	10,451	10,480	20,514	22,459
Contract drilling	23,548	25,051	48,079	50,776
Total operating costs	33,999	35,531	68,593	73,235
Depreciation, depletion, and amortization	4,495	3,659	8,631	7,560
General and administrative	4,462	5,601	9,758	10,579
Gain on disposition of assets (Note 4)	(715)	(1,210)	(799)	(1,145)
Total operating expenses	42,241	43,581	86,183	90,229
Income from operations	16,844	13,176	36,374	33,732
Other income (expense):				
Interest income	590	1,081	1,137	2,035
Interest expense	(6)	(8)	(16)	(38)
Gain on derivatives, net (Note 12)	4,227	133	6,529	133
Reorganization items, net	—	—	—	(22)
Other, net	10	222	105	(155)
Total other income (expense)	4,821	1,428	7,755	1,953
Income before income taxes	21,665	14,604	44,129	35,685
Income tax expense (benefit), net (Note 16):				
Current	163	(290)	301	(215)
Deferred	(600)	3,385	3,790	8,287
Total income tax expense (benefit), net	(437)	3,095	4,091	8,072
Net income	<u>\$ 22,102</u>	<u>\$ 11,509</u>	<u>\$ 40,038</u>	<u>\$ 27,613</u>
Net income per common share (Note 7):				
Basic	<u>\$ 2.23</u>	<u>\$ 1.17</u>	<u>\$ 4.08</u>	<u>\$ 2.81</u>
Diluted	<u>\$ 2.22</u>	<u>\$ 1.15</u>	<u>\$ 4.07</u>	<u>\$ 2.76</u>

The accompanying notes are an integral part of these
unaudited condensed consolidated financial statements.

UNIT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

	Common Stock	Treasury Stock	Capital in Excess of Par Value	Retained Earnings (Deficit)	Total
	(In thousands)				
Balances as of December 31, 2024	\$ 123	\$ (82,703)	\$ 267,670	\$ 47,431	\$ 232,521
Net income	—	—	—	17,936	17,936
Dividends declared (Note 5)	—	—	—	(12,478)	(12,478)
Stock-based compensation	—	—	398	—	398
Exercise of stock options, net of shares withheld for taxes and exercise price	1	—	(1,329)	—	(1,328)
Balances as of March 31, 2025	\$ 124	\$ (82,703)	\$ 266,739	\$ 52,889	\$ 237,049
Net income	—	—	—	22,102	22,102
Dividends declared (Note 5)	—	—	—	(12,468)	(12,468)
Stock-based compensation	—	—	399	—	399
Balances as of June 30, 2025	\$ 124	\$ (82,703)	\$ 267,138	\$ 62,523	\$ 247,082

	Common Stock	Treasury Stock	Capital in Excess of Par Value	Retained Earnings (Deficit)	Total
	(In thousands)				
Balances as of December 31, 2023	\$ 122	\$ (79,399)	\$ 263,555	\$ 69,848	\$ 254,126
Net income	—	—	—	16,104	16,104
Dividends declared (Note 5)	—	—	—	(12,261)	(12,261)
Stock-based compensation	—	—	871	—	871
Exercise of stock options, net of shares withheld for taxes and exercise price	1	—	29	—	30
Exercise of warrants, net of shares withheld for exercise price	—	—	2	—	2
Repurchases of common stock	—	(512)	—	—	(512)
Balances as of March 31, 2024	\$ 123	\$ (79,911)	\$ 264,457	\$ 73,691	\$ 258,360
Net income	—	—	—	11,509	11,509
Dividends declared (Note 5)	—	—	—	(13,040)	(13,040)
Stock-based compensation	—	—	1,321	—	1,321
Repurchases of common stock	—	(1,094)	—	—	(1,094)
Balances as of June 30, 2024	\$ 123	\$ (81,005)	\$ 265,778	\$ 72,160	\$ 257,056

The accompanying notes are an integral part of these
unaudited condensed consolidated financial statements.

UNIT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six Months Ended June 30,	
	2025	2024
	(In thousands)	
OPERATING ACTIVITIES:		
Net income	\$ 40,038	\$ 27,613
Adjustments to reconcile net income operating activities:		
Depreciation, depletion and amortization	8,631	7,560
Gain on derivatives, net (Note 12)	(6,529)	(133)
Gain on derivatives settled (Note 12)	2,132	—
Deferred tax expense (benefit) (Note 16)	3,790	8,287
Gain on disposition of assets (Note 4)	(799)	(1,145)
Stock-based compensation plans (Note 6)	797	2,192
Change in credit loss reserve	8	73
ARO liability accretion (Note 10)	443	398
Contract assets and liabilities, net	—	(8)
Other, net	16	(1,725)
Changes in operating assets and liabilities increasing (decreasing) cash:		
Accounts receivable	1,912	10,537
Prepaid expenses and other	1,624	1,820
Accounts payable	(20)	(7,152)
Accrued liabilities	(3,717)	(6,686)
Net change in operating assets and liabilities	(201)	(1,481)
Net cash provided by operating activities	48,326	41,631
INVESTING ACTIVITIES:		
Capital expenditures	(19,138)	(7,845)
Proceeds from sale of Superior investment	—	8,000
Proceeds from disposition of property and equipment (Note 4)	3,335	5,061
Net cash provided by (used in) investing activities	(15,803)	5,216
FINANCING ACTIVITIES:		
Dividend and dividend equivalent payments (Note 5)	(24,949)	(25,244)
Payments for employee taxes on net settlement of equity awards (Note 6)	(1,328)	29
Proceeds from exercise of warrants (Note 5)	—	3
Repurchases of common stock (Note 5)	—	(1,606)
Net cash used in financing activities	(26,277)	(26,818)
Net increase in cash and cash equivalents	6,246	20,029
Cash and cash equivalents, beginning of period	48,884	60,779
Cash and cash equivalents, end of period	\$ 55,130	\$ 80,808

The accompanying notes are an integral part of these
unaudited condensed consolidated financial statements.

UNIT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) - CONTINUED

	Six Months Ended June 30,	
	2025	2024
	(In thousands)	
Supplemental disclosure of cash flow information:		
Cash paid (received) for:		
Interest	\$ 8	\$ 73
Income taxes	405	1,348
Changes in accounts payable and accrued liabilities related to purchases of property and equipment	371	1,205
Changes in accrued liabilities related to dividends declared, but not yet paid	(3)	57
Non-cash reductions to oil and natural gas properties related to asset retirement obligation additions and estimate revisions	26	451
Non-cash (additions) reductions to oil and natural gas properties related to net changes in asset retirement obligations, accounts receivable, accounts payable, and accrued liabilities resulting from divestitures	—	(587)

The accompanying notes are an integral part of these
unaudited condensed consolidated financial statements.

UNIT CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND BUSINESS

Unless the context clearly indicates otherwise, references in this report to “Unit”, “Company”, “we”, “our”, “us”, or like terms refer to Unit Corporation or, as appropriate, one or more of its subsidiaries.

We are primarily engaged in the development, acquisition, and production of oil and natural gas properties as well as onshore contract drilling of natural gas and oil wells. Our operations are all located in the United States and are organized as the following two reporting segments:

Oil and Natural Gas. Carried out by our subsidiary, Unit Petroleum Company (UPC), we develop, acquire, and produce oil and natural gas properties for our own account. Our producing oil and natural gas properties, unproved properties, and related assets are primarily located in Oklahoma and Texas.

Contract Drilling. Carried out by our subsidiary, Unit Drilling Company (UDC), we drill onshore oil and natural gas wells for other oil and natural gas companies. Our drilling operations are primarily located in Oklahoma, Texas, and New Mexico.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These interim financial statements are and have been prepared pursuant to the Alternative Reporting Standard: OTCQX U.S. and OTCQB Disclosure Guidelines offered by the OTC Markets Group. Certain disclosures have been condensed or omitted from these financial statements. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States (GAAP) for complete consolidated financial statements, and should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2024 included in the Company’s Annual Report filed with the OTC Markets Group on March 13, 2025.

In the opinion of management, the unaudited condensed consolidated financial statements are fairly stated and contain all normal recurring adjustments (including the elimination of all intercompany transactions). Our financial statement amounts are prepared in conformity with GAAP, which requires us to make certain estimates and assumptions that may affect the amounts reported in our unaudited condensed consolidated financial statements and notes. Actual results may differ from those estimates. The results for interim periods are not necessarily indicative of annual results. The Company evaluates subsequent events through the date the financial statements are issued.

The unaudited condensed consolidated financial statements include the accounts of Unit Corporation and its subsidiaries. All intercompany transactions and accounts between consolidated entities have been eliminated.

NOTE 3 – REVENUE FROM CONTRACTS WITH CUSTOMERS

Our revenue streams are reported under two segments: oil and natural gas and contract drilling which is consistent with how we report our segment revenue in Note 18 – Industry Segment Information. Revenue from the oil and natural gas segment is from sales of our oil and natural gas production. Revenue from the contract drilling segment comes from contracting with upstream companies to drill an agreed-on number of wells or provide drilling rigs and services over an agreed-on period.

Oil and Natural Gas Revenue

Our oil and gas segment enters into various types of revenue contracts, including oil sales contracts, North American Energy Standards Board (NAESB) Contracts, gas gathering and processing agreements, and joint operating agreements where we are the non-operator and the operator acts as our agent. The consideration received under these contracts is variable and settled monthly. The contract terms can range from a single month or evergreen to terms extending over decade or more. Revenue from oil and natural gas sales is recognized when the customer obtains control of the product, which typically occurs at the point of delivery to the customer.

Certain costs, which can either reduce revenue or be recorded as expenses, are determined based on when control of the commodity is transferred to the customer. These costs affect our total revenue recognized, but do not impact gross profit. For

example, gathering, processing and transportation costs included in the contract price with the customer on transfer of control of the commodity are part of the transaction price. In contrast, costs incurred while we control the commodity are recorded as operating costs.

Contract Drilling Revenue

Contract drilling revenues and expenses are primarily recognized as services are performed and collection is reasonably assured. Payments for mobilization and demobilization activities, which do not relate to a distinct good or service within the contract, are deferred and recognized ratably when material. Costs incurred to relocate rigs and other drilling equipment to areas where a contract has not been secured are expensed as incurred. Any reimbursements received for out-of-pocket expenses are recorded as both revenues and direct costs.

Most of our drilling contracts have a term of one year or less. The remaining performance obligations under contracts without a fixed term are not material.

Contract Assets and Liabilities

We have recognized no contract assets or liabilities for the periods ending June 30, 2025 or December 31, 2024.

NOTE 4 – ACQUISITIONS AND DIVESTITURES

Oil and Natural Gas

Net proceeds for the sale of other non-core oil and natural gas assets totaled \$1.3 million and \$1.3 million during the three months ended June 30, 2025 and 2024, and \$1.5 million and \$1.9 million during the six months ended June 30, 2025 and 2024, respectively. These proceeds reduced the net book value of our full cost pool with no gain or loss recognized as the sales did not result in a significant alteration of the full cost pool.

Contract Drilling

Proceeds for the sale of other non-core contract drilling assets totaled \$1.5 million and \$1.2 million during the three months ended June 30, 2025 and 2024, and \$1.8 million and \$1.7 million for the six months ended June 30, 2025 and 2024, respectively. These proceeds resulted in net gains of \$0.8 million and \$1.2 million during the three months ended June 30, 2025 and 2024, and \$0.9 million and \$1.3 million for the six months ended June 30, 2025 and 2024, respectively. The net gains are presented within gain on disposition of assets in the consolidated statements of operations.

NOTE 5 – SHAREHOLDERS' EQUITY AND DIVIDENDS

Common Stock

On September 3, 2020 (Emergence Date), the Company emerged from Chapter 11 bankruptcy and authorized the issuance of a total of 12.0 million shares of common stock at a par value of \$0.01 per share (New Common Stock) to be subsequently distributed in accordance with the Chapter 11 plan of reorganization filed with the bankruptcy court on June 9, 2020 (as amended, supplemented and modified from time to time, the “Plan”). On February 21, 2023, a final decree was approved to close the remaining Chapter 11 case and grant related relief. As a result, any shares of common stock not yet claimed were deemed unclaimed property and have been treated as reductions to the number of shares of common stock issued and outstanding as of February 21, 2023.

All shares of New Common Stock are subject to the transfer restrictions in the Company’s Amended and Restated Certificate of Incorporation (Charter). Article XIV of the Charter provides that, subject to the exceptions provided in Article XIV, any attempted transfer of the Company's common stock will be prohibited and void ab initio if (i) because of the transfer, any person becomes a Substantial Stockholder (as defined below) other than by reason of Treasury Regulations section 1.382-2T(j)(3) or (ii) the Percentage Stock Ownership (as defined in the Charter) interest of any Substantial Stockholder will be increased. A “Substantial Stockholder” means a person with a Percentage Stock Ownership of 4.75% or more.

Common Stock Repurchases

There were no repurchases of common stock made during the six months ended June 30, 2025.

As of June 30, 2025, we had repurchased a total of 2,569,746 shares of common stock since emergence from bankruptcy at an average share price of \$32.16 (unadjusted for dividends paid) for an aggregate purchase cost of \$82.7 million. These repurchases were made through private and open market transactions made under the repurchase program authorized by the Board of Directors in June 2021 (as amended), as well as other privately negotiated transactions. The purchase cost and any direct acquisition costs are reflected as treasury stock on the unaudited condensed consolidated balance sheets.

As of June 30, 2025, the remaining value of shares that may be purchased under the repurchase program authorization was \$27.8 million.

Common Stock Dividends

The table below presents information about the dividends paid during the periods indicated:

	Type	Dividend per share	Total Amount ¹	Record Date	Payment Date
2024					
First quarter	Quarterly	\$ 1.25	\$ 12,269	March 18, 2024	March 28, 2024
Second quarter	Quarterly	\$ 1.25	\$ 12,961	June 17, 2024	June 27, 2024
2025					
First quarter	Quarterly	\$ 1.25	\$ 12,317	March 18, 2025	March 28, 2025
Second quarter	Quarterly	\$ 1.25	\$ 12,317	June 17, 2025	June 27, 2025

1. Total dividends paid does not reflect changes in dividend equivalent rights as reflected in the statement of changes in shareholders' equity

The declaration and payment of any future dividend, whether fixed, special, or variable, are at the sole discretion of the Company's Board of Directors. Future dividends will depend upon several factors, including the Company's financial position, results of operations, cash flows, capital requirements, business conditions, future expectations, legal requirements, and other relevant factors at the time of consideration. Future dividends are expected to be funded by cash on the Company's balance sheet.

We have accrued liabilities for dividend equivalent payments related to restricted stock units that were outstanding as of the dividend record date, but have not yet vested.

Warrants

Each holder of Unit common stock outstanding (Old Common Stock) before the Emergence Date that did not opt out of the release under the Plan was entitled to receive 0.03460447 warrants for every share of Old Common Stock owned. Each warrant is exercisable for one share of common stock, subject to adjustment as provided in the Warrant Agreement. The warrants expire on the earliest of (i) September 3, 2027, (ii) consummation of a Cash Sale (as defined in the Warrant Agreement), or (iii) the consummation of a liquidation, dissolution or winding up of the Company.

As of June 30, 2025, the Company had authorized 1,843,318 warrants of which 100,668 had been exercised or canceled.

Among other provisions, the Warrant Agreement outlines potential adjustments to the warrants if certain events occur, including (i) stock dividends payable in shares of common stock or stock splits, (ii) reverse stock splits or similar combination events, (iii) Liquidity Events (as defined in the Warrant Agreement), and (iv) other events not explicitly contemplated which may have an adverse impact to the intent and purpose of the warrants as set forth in the Plan, provided, however, the warrants will not be adjusted for (a) any issuances of securities in connection with a merger, share exchange, asset acquisition, stock purchase, recapitalization, reorganization or other similar business combination, (b) the issuance of any securities by Unit on or after September 3, 2020 (the "Effective Date") pursuant to the Plan or upon the issuance of shares of common stock upon the exercise of such securities, (c) the issuance of any shares of common stock pursuant to the exercise of the warrants, (d) the issuance of shares of common stock pursuant to any management stock option incentive or similar plan, (e) a dividend or distribution to holders of common stock of cash, property, or securities (other than common stock), and/or (f) any change in the par value of the common stock.

Pursuant to the terms of the Warrant Agreement, the Company determined the initial exercise price of the warrants to be \$63.74. On April 7, 2022, the Company delivered notice of the initial exercise price to the Warrant Agent and the warrants became exercisable for shares of the Company's common stock. On or about April 25, 2022, the warrants began trading over-the-counter under the symbol "UNTCW". On March 31, 2023, the warrants began trading on the OTCQX Best Market.

See Note 15 - Commitments and Contingencies for litigation related to the warrants.

NOTE 6 – STOCK-BASED COMPENSATION

Unit Corporation Long Term Incentive Plan. On the Effective Date, the Board adopted the Unit Corporation Long Term Incentive Plan (LTIP) to incentivize employees, officers, directors and other service providers of the Company and its affiliates. The LTIP is administered by the Compensation Committee and provides for the grant, from time to time, at the discretion of the Board or a committee thereof, of stock options, stock appreciation rights, restricted stock, restricted stock units, stock awards, dividend equivalents, other stock-based awards, cash awards, performance awards, substitute awards or any combination of the foregoing. Subject to adjustment in the event of certain transactions or changes of capitalization in accordance with the LTIP, 903,226 shares of New Common Stock were reserved for issuance pursuant to awards under the LTIP. New Common Stock subject to an award that expires or is canceled, forfeited, exchanged, settled in cash, or otherwise terminated without delivery of shares and shares withheld to pay the exercise price of, or to satisfy the withholding obligations with respect to, an award will again be available for delivery pursuant to other awards under the LTIP.

On July 1, 2025, 52,136 restricted stock units (RSUs) and 36,629 performance restricted stock units (PRSUs) were issued to members of the Board and certain members of management pursuant to the LTIP. Vesting for the awards ranges between one and three years and the underlying compensation will be recorded ratably over the vesting period.

The following table presents the stock-based compensation expense activity recognized during the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In thousands)			
Recognized stock compensation expense	\$ 398	\$ 1,321	\$ 797	\$ 2,192
Tax benefit on stock-based compensation	\$ 94	\$ 310	\$ 187	\$ 515

The table below summarizes activity pertaining to outstanding RSUs during the periods indicated:

	Three Months Ended June 30,			
	2025		2024	
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested RSUs, beginning of period	47,044	\$ 44.79	91,635	\$ 31.25
Granted	—	—	—	—
Vested	—	—	(1,569)	30.50
Forfeited	—	—	(3,595)	34.00
Nonvested RSUs, end of period	47,044	\$ 44.79	86,471	\$ 31.14

	Six Months Ended June 30,			
	2025		2024	
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested RSUs, beginning of period	47,044	\$ 44.79	91,635	\$ 31.24
Granted	—	—	—	—
Vested	—	—	(1,569)	30.50
Forfeited	—	—	(3,595)	34.00
Nonvested RSUs, end of period ⁽¹⁾	47,044	\$ 44.79	86,471	\$ 31.14

1. The aggregate compensation cost related to nonvested RSUs not yet recognized as of June 30, 2025 was \$0.7 million with a weighted average remaining service period of 0.4 years.

The table below summarizes activity pertaining to outstanding stock options during the periods indicated:

	Three Months Ended June 30,			
	2025		2024	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding stock options, beginning of period	—	\$ —	202,225	\$ 7.50
Granted	—	—	—	—
Exercised	—	—	(25,787)	6.30
Forfeited or expired	—	—	(6,291)	7.50
Outstanding stock options, end of period	—	\$ —	170,147	\$ 5.00

	Six Months Ended June 30,			
	2025		2024	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding stock options, beginning of period	153,399	\$ 0.50	215,298	\$ 7.50
Granted	—	—	—	—
Exercised	(153,399)	0.50	(38,860)	6.70
Forfeited or expired	—	—	(6,291)	7.50
Outstanding stock options, end of period	—	\$ —	170,147	\$ 5.00
Exercisable stock options, end of period	—	\$ —	108,439	\$ 5.00

The table below summarizes activity pertaining to Performance RSUs during the periods indicated:

	Three Months Ended June 30,			
	2025		2024	
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested PRSUs, beginning of period	29,730	\$ 25.24	—	\$ —
Granted	—	—	—	—
Vested	—	—	—	—
Forfeited	—	—	—	—
Nonvested PRSUs, end of period	29,730	\$ 25.24	—	\$ —

	Six Months Ended June 30,			
	2025		2024	
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested PRSUs, beginning of period	29,730	\$ 25.24	—	\$ —
Granted	—	—	—	—
Vested	—	—	—	—
Forfeited	—	—	—	—
Nonvested PRSUs, end of period	29,730	\$ 25.24	—	\$ —

1. The aggregate compensation cost related to nonvested PRSUs not yet recognized as of June 30, 2025 was \$0.5 million with a weighted average remaining service period of 1.5.

NOTE 7 – EARNINGS PER SHARE

The table below presents the calculation of earnings per share attributable to Unit Corporation using the treasury stock method during the periods indicated:

	Earnings (Numerator)	Weighted Shares (Denominator)	Per-Share Amount
(In thousands except per share amounts)			
Three months ended June 30, 2025			
Basic earnings per common share	\$ 22,102	9,924	\$ 2.23
Effect of dilutive restricted stock units and stock options ⁽¹⁾	—	17	(0.01)
Diluted earnings per common share	\$ 22,102	9,941	\$ 2.22
Three months ended June 30, 2024			
Basic earnings per common share	\$ 11,509	9,806	\$ 1.17
Effect of dilutive restrictive stock units and stock options ⁽²⁾	—	191	(0.02)
Diluted earnings per common share	\$ 11,509	9,997	\$ 1.15

1. The diluted earnings per share calculation for the three months ended June 30, 2025 excludes the effects related to 1,721,563 average warrants with a \$63.74 exercise price because their inclusion would be antidilutive.
2. The diluted earnings per share calculation for the three months ended June 30, 2024 excludes the effects related to 1,721,563 average warrants with a \$63.74 exercise price because their inclusion would be antidilutive.

	Earnings (Loss) (Numerator)	Weighted Shares (Denominator)	Per-Share Amount
(In thousands except per share amounts)			
Six months ended June 30, 2025			
Basic earnings attributable to Unit Corporation per common share	\$ 40,038	9,812	\$ 4.08
Effect of dilutive restricted stock units and stock options ⁽¹⁾	—	35	(0.01)
Diluted earnings attributable to Unit Corporation per common share	<u>\$ 40,038</u>	<u>9,847</u>	<u>\$ 4.07</u>
Six months ended June 30, 2024			
Basic earnings attributable to Unit Corporation per common share	\$ 27,613	9,815	\$ 2.81
Effect of dilutive restricted stock units and stock options ⁽²⁾	—	185	(0.05)
Diluted earnings attributable to Unit Corporation per common share	<u>\$ 27,613</u>	<u>10,000</u>	<u>\$ 2.76</u>

1. The diluted earnings per share calculation for the six months ended June 30, 2025 excludes the effects related to 1,721,563 average warrants with a \$63.74 exercise price because their inclusion would be antidilutive.
2. The diluted earnings per share calculation for the six months ended June 30, 2024 excludes the effect related to 1,721,579 average warrants with a \$63.74 exercise price because their inclusion would be antidilutive.

NOTE 8 – ACCRUED LIABILITIES

The table below presents the components of accrued liabilities as of the dates indicated:

	June 30, 2025	December 31, 2024
(In thousands)		
Employee costs	\$ 5,087	\$ 9,004
Lease operating expenses	2,477	2,515
Capital expenditures	4,109	3,263
Taxes	1,209	501
Interest	8	8
Other	614	1,081
Total accrued liabilities	<u>\$ 13,504</u>	<u>\$ 16,372</u>

NOTE 9 – LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES

Long-Term Debt

The table below presents the individual components of long-term debt as of the dates indicated:

	June 30, 2025	December 31, 2024
(In thousands)		
Long-term debt:		
Second Credit Agreement	\$ —	\$ —

Second Amended and Restated Credit Agreement. On March 8, 2024, the Company entered into the Second Amended and Restated Credit Agreement (the Second credit agreement), dated as of March 8, 2024 and effective as of March 1, 2024. This agreement replaces the Exit credit agreement, which was set to mature on March 1, 2024. The Second credit agreement provides a \$10.0 million initial borrowing base, subject to semi-annual redetermination, with BOKF, NA dba Bank of Oklahoma (BOKF). The Second credit agreement matures on March 8, 2027 and is collateralized by the Company's BOSS rigs and upstream properties.

The Second credit agreement requires the Company to comply with certain financial ratios, including: the Net Leverage Ratio (as defined in the Second credit agreement) as of the last day of any fiscal quarter can not be greater than 3.00 to 1.00 and the Current Ratio can not be less than 1.00 to 1.00. The Second credit agreement also contains provisions, among others, that require the Company to provide quarterly financial statements within 45 days after the end of each of the first three quarters of each fiscal year and annual audited financial statements within 90 days after the end of each fiscal year. As of June 30, 2025, the Company was in compliance with these covenants.

As of June 30, 2025, we had no borrowings and \$1.3 million of letters of credit outstanding under the Second credit agreement.

Exit Credit Agreement. On the Emergence Date, the Company entered into an amended and restated credit agreement (the Exit credit agreement), provided for a \$140.0 million senior secured revolving credit facility (RBL Facility) and a \$40.0 million senior secured term loan facility, among (i) the Company, UDC, and UPC (together, the Borrowers), (ii) the guarantors party thereto, including the Company and all of its subsidiaries existing as of the Effective Date (other than Superior and its subsidiaries), (iii) the lenders party thereto from time to time (Emergence Lenders), and (iv) BOKF, NA dba Bank of Oklahoma as administrative agent and collateral agent (in such capacity, the Administrative Agent). The maturity date of borrowings under the Exit credit agreement was March 1, 2024. The Exit credit agreement was secured by first-priority liens on substantially all of the personal and real property assets of the Borrowers and the Guarantors, including the Company's ownership interests in Superior.

Other Long-Term Liabilities

The table below presents the components of other long-term liabilities as of the dates indicated:

	June 30, 2025	December 31, 2024
	(In thousands)	
Asset retirement obligation (ARO) liability	\$ 11,631	\$ 11,214
Workers' compensation	8,550	7,685
Separation benefit plans	1,036	1,063
Gas balancing liability	3,081	3,081
Dividend equivalents liability	1,561	1,564
	25,859	24,607
Less: current portion	2,621	1,942
Total other long-term liabilities	<u>\$ 23,238</u>	<u>\$ 22,665</u>

NOTE 10 – ASSET RETIREMENT OBLIGATIONS

We are required to record the estimated fair value of the liabilities associated with the future retirement of our long-lived assets. Our asset retirement obligations (AROs) primarily relate to the plugging and abandonment of our oil and natural gas wells once the reserves are depleted or the wells can no longer produce.

The fair value of the plugging and abandonment liability is recognized when a well is drilled or acquired and the obligation is incurred. This estimation is based on current costs, applicable regulations, and our historical experience, and it incorporates assumptions about future inflation and discount rates.

None of our assets are restricted for the purpose of settling these AROs. All of our AROs relate to the plugging costs associated with our oil and gas wells. We continually review and adjust these estimates as necessary to reflect changes in regulations, technology, and market conditions.

The following table presents activity for our estimated AROs during the periods indicated:

	Six Months Ended June 30,	
	2025	2024
	(In thousands)	
ARO liability, beginning of period	\$ 11,416	\$ 10,901
Accretion of discount	224	398
Liability incurred	1	—
Liability settled	(9)	(11)
Liability sold	—	(19)
Revision of estimates	(1)	(422)
ARO liability, end of period	11,631	10,847
Less: current portion	712	200
Long-term ARO liability	<u>\$ 10,919</u>	<u>\$ 10,647</u>

NOTE 11 – WORKERS' COMPENSATION

We are liable for workers' compensation benefits for injuries through our self-insured program to provide income replacement and medical treatment for work-related injury claims as required by applicable state laws. Workers' compensation laws also compensate survivors of workers who suffer employment related deaths. Our liability for injury claims is the estimated present value of current workers' compensation benefits, based on our actuarial estimates. Our actuarial calculations are based on a blend of actuarial projection methods and numerous assumptions including claim development patterns, mortality, medical costs and interest rates.

The following table presents activity for our workers' compensation liability during the periods indicated:

	Six Months Ended June 30,	
	2025	2024
	(In thousands)	
Workers' compensation liability, beginning of period	\$ 7,685	\$ 8,296
Claims and valuation adjustments	1,006	(234)
Payments	(141)	(195)
Workers' compensation liability, end of period	8,550	7,867
Less: current portion	1,497	1,019
Long-term workers' compensation liability	<u>\$ 7,053</u>	<u>\$ 6,848</u>

Our workers' compensation liability above is presented on a gross basis and does not include our expected receivables on our insurance policy. Our receivables for injury claims under these policies as of June 30, 2025 and December 31, 2024 were \$5.4 million and \$5.0 million, respectively, and are included in other assets on our consolidated balance sheets.

NOTE 12 – DERIVATIVES

Commodity Derivatives

We have entered into various types of derivative transactions covering some of our projected natural gas, NGLs, and oil production. These transactions are intended to reduce our exposure to market price volatility by setting the price(s) we will receive for that production. Our decisions on the price(s), type, and quantity of our production subject to a derivative contract are based, in part, on our view of current and future market conditions. Our commodity derivative transactions consisted of the following types of hedges:

- *Basis/Differential Swaps.* We receive or pay the NYMEX settlement value plus or minus a fixed delivery point price for the commodity and pay or receive the published index price at the specified delivery point. We use basis/differential swaps to hedge the price risk between NYMEX and its physical delivery points.

- *Swaps.* We receive or pay a fixed price for the commodity and pay or receive a floating market price to the counterparty. The fixed-price payment and the floating-price payment are netted, resulting in a net amount due to or from the counterparty.

We do not engage in derivative transactions for speculative purposes. We are not required to post any cash collateral with our counterparties and no collateral has been posted as of June 30, 2025.

The following non-designated commodity hedges were outstanding as of June 30, 2025:

Remaining Term	Commodity	Contracted Volume	Weighted Average Fixed Price for Swaps	Contracted Market
Jul'25 - Dec'25	Natural gas - basis swap Floating to fixed	10,000 MMBtu/day	\$(0.30)	IF - PEPL - TX-OK
Jul'25 - Dec'25	Natural gas - basis swap Floating to fixed	7,500 MMBtu/day	\$(0.25)	IF - PEPL - TX-OK
Jul'25 - Dec'25	Natural gas - basis swap Floating to fixed	5,000 MMBtu/day	\$(0.25)	IF - PEPL - TX-OK
Jul'25 - Dec'25	Natural gas - swap Floating to fixed	15,000 MMBtu/day	\$4.69	IF - NYMEX (HH)
Jan'26 - Dec'26	Natural gas - swap Floating to fixed	5,000 MMBtu/day	\$4.22	IF - NYMEX (HH)
Jul'25 - Dec'25	Crude Oil - swap Floating to fixed	15,000 Bbl/month	\$69.65	WTI - NYMEX
Jan'26 - Dec'26	Crude Oil - swap Floating to fixed	12,000 Bbl/month	\$65.85	WTI - NYMEX

The following tables present the recognized derivative assets and liabilities on our unaudited condensed consolidated balance sheets as of the dates indicated:

		Balances as of June 30, 2025			
		Balance Sheet Classification	Presented Gross	Effects of Netting	Presented Net
				(In thousands)	
Assets:					
Current commodity derivatives	Current derivative assets	\$ 4,764	\$ (43)	\$ 4,721	
Long-term commodity derivatives	Non-current derivative assets	\$ 244	\$ (34)	\$ 210	
Total derivative assets		<u>\$ 5,008</u>	<u>\$ (77)</u>	<u>\$ 4,931</u>	
Liabilities:					
Current commodity derivatives	Current derivative liabilities	\$ 43	\$ (43)	\$ —	
Long-term Commodity Derivatives	Non-current derivative liabilities	34	(34)	—	
Total derivative liabilities		<u>\$ 77</u>	<u>\$ (77)</u>	<u>\$ —</u>	

		Balances as of December 31, 2024			
		Balance Sheet Classification	Presented Gross	Effects of Netting	Presented Net
				(In thousands)	
Assets:					
Current commodity derivatives	Current derivative assets	\$ 1,691	\$ (1,157)	\$ 534	
Long-term commodity derivatives	Non-current derivative assets	—	—	—	
Total derivative assets		\$ 1,691	\$ (1,157)	\$ 534	
Liabilities:					
Current commodity derivatives	Current derivative liabilities	\$ 1,157	\$ (1,157)	\$ —	
Long-term Commodity Derivatives	Non-current derivative liabilities	—	—	—	
Total derivative liabilities		\$ 1,157	\$ (1,157)	\$ —	

The following table shows the activity related to derivative instruments in the consolidated statements of operations for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
(In thousands)				
Unrealized gain on derivatives	\$ 1,612	\$ 133	\$ 4,397	\$ 133
Gain on commodity derivatives settled	2,615	—	2,132	—
Gain on derivatives, net	\$ 4,227	\$ 133	\$ 6,529	\$ 133

NOTE 13 – FAIR VALUE MEASUREMENTS

We have determined the estimated fair values by using market information and certain valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value. Using different market assumptions or valuation methodologies may have a material effect on our estimated fair value amounts.

The inputs available determine the valuation technique that we use to measure the fair value of the assets and liabilities presented in our unaudited condensed consolidated financial statements. Fair value measurements are categorized into one of three different levels depending on the observability of the inputs used in the measurement. The levels are summarized as follows:

- Level 1—observable inputs such as quoted prices in active markets for identical assets and liabilities.
- Level 2—other observable pricing inputs, such as quoted prices in inactive markets, or other inputs that are either directly or indirectly observable as of the reporting date, including inputs that are derived from or corroborated by observable market data.
- Level 3—generally unobservable inputs which are developed based on the best information available and may include our own internal data or estimates about how market participants would value such assets and liabilities.

Recurring Fair Value Measurements

The following tables present our recurring fair value measurements by level as of the dates indicated:

	Balances as of June 30, 2025			
	Level 1	Level 2	Level 3	Total
(In thousands)				
Assets (liabilities)				
Commodity derivative assets	\$ —	\$ 4,931	\$ —	\$ 4,931
Commodity derivative liabilities	\$ —	\$ —	\$ —	\$ —

	Balances as of December 31, 2024			
	Level 1	Level 2	Level 3	Total
(In thousands)				
Assets (liabilities)				
Commodity derivative assets	\$ —	\$ 534	\$ —	\$ 534
Commodity derivative liabilities	\$ —	\$ —	\$ —	\$ —

The following methods and assumptions were used to estimate the fair values of the assets and liabilities in the table above. There were no transfers between Level 2 and Level 3 financial liabilities.

Commodity Derivatives. We measure the fair values of our natural gas basis swaps using estimated discounted cash flow calculations based on the NYMEX futures index. We consider these Level 2 measurements within the fair value hierarchy as the inputs in the model are substantially observable over the term of the commodity derivative contract and there is a wide availability of quoted market prices for similar commodity derivative contracts.

We determined that the non-performance risk regarding our commodity derivative counterparties was immaterial based on our valuation at June 30, 2025.

There were no Level 3 fair value measurements during six months ended June 30, 2025 or six months ended June 30, 2024.

Nonrecurring Fair Value Measurements

Asset Retirement Obligations (AROs). The initial measurement of AROs at fair value is calculated using discounted cash flow techniques based on internal estimates of future retirement costs associated with our property and equipment. Significant Level 3 inputs used in the calculation of AROs include plugging costs and remaining reserve lives. This process incorporates assumptions about future inflation and discount rates to estimate the fair value accurately. A summary of the Company's ARO activity is presented in Note 10 – Asset Retirement Obligations.

Stock-Based Compensation. We use the Black-Scholes option pricing model to estimate the fair value of stock option grants and modifications while the value of our restricted stock unit grants is based on the grant date closing stock price. Key assumptions for the Black-Scholes models include the stock price, exercise price, expected term, risk-free rate, volatility, and dividend yield. We consider this a Level 3 measurement within the fair value hierarchy as estimated volatility is generally unobservable and requires management's estimation.

We use a Monte Carlo simulation to estimate the fair value of the PRSU grants. Key assumptions within the model include volatility, risk-free rate, and a simulation of stock prices during the performance period. We consider these inputs to be a Level 3 measurement within the fair value hierarchy as estimated volatility and simulated stock process are unobservable and require management's estimation.

NOTE 14 – LEASES

Operating Leases. We are a lessee through noncancellable lease agreements for property and equipment consisting primarily of office space, land, vehicles, and equipment used in both our operations and administrative functions.

The following table presents the maturities, weighted average remaining lease term, and weighted average discount rate of our operating lease liabilities as of June 30, 2025:

	Amount (In thousands)
Ending June 30,	
2026	\$ 2,637
2027	579
2028	—
2029	—
2030	—
2031 and beyond	—
Total future payments	3,216
Less: Interest	138
Present value of future minimum operating lease payments	3,078
Less: Current portion	2,507
Total long-term operating lease payments	\$ 571
Weighted average remaining lease term (years)	1.2
Weighted average discount rate ⁽¹⁾	6.91 %

1. Our weighted average discount rates represent the rate implicit in the lease or our incremental borrowing rate for a term equal to the remaining term of the lease.

The following table presents our operating lease assets and liabilities as of the dates indicated:

	Classification on the consolidated balance sheets	June 30, 2025	December 31, 2024
		(In thousands)	
Assets			
Operating lease right of use assets	Right of use assets	\$ 2,991	\$ 3,915
Total right of use assets		<u>\$ 2,991</u>	<u>\$ 3,915</u>
Liabilities			
Current liabilities:			
Operating lease liabilities	Current operating lease liabilities	\$ 2,507	\$ 2,436
Non-current liabilities:			
Operating lease liabilities	Operating lease liabilities	\$ 571	\$ 1,589
Total lease liabilities		<u>\$ 3,078</u>	<u>\$ 4,025</u>

The following table presents the components of total lease costs for operating leases during the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
(In thousands)				
Components of total lease cost:				
Short-term lease cost ⁽¹⁾	\$ 1,802	\$ 1,003	\$ 3,546	\$ 2,271
Operating lease cost	673	673	1,306	1,370
Total lease cost	<u>\$ 2,475</u>	<u>\$ 1,676</u>	<u>\$ 4,852</u>	<u>\$ 3,641</u>

1. Short-term lease cost includes amounts capitalized related to our oil and natural gas segment of \$0.9 million and \$0.2 million during the three months ended June 30, 2025 and 2024, respectively, and \$0.4 million and \$0.2 million during the six months ended June 30, 2025 and 2024, respectively.

The following table presents supplemental cash flow information related to our operating leases during the periods indicated:

	Six Months Ended June 30,	
	2025	2024
(In thousands)		
Cash payments made on operating leases	\$ 1,329	\$ 1,364
Lease liabilities recognized in exchange for operating lease right of use assets	\$ 302	\$ 725
Termination of lease liabilities and operating lease right of use assets	\$ (46)	\$ —

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Environmental

We manage our exposure to environmental liabilities on properties to be acquired by identifying existing problems and assessing the potential liability. We also conduct periodic reviews, on a company-wide basis, to identify changes in our environmental risk profile. These reviews evaluate whether there is a probable liability, its amount, and the likelihood that the liability will be incurred. Any potential liability is determined by considering, among other matters, incremental direct costs of any likely remediation and the proportionate cost of employees expected to devote significant time directly to any possible remediation effort. As it relates to evaluations of purchased properties, depending on the extent of an identified environmental problem, we may exclude a property from the acquisition, require the seller to remediate the property to our satisfaction, or agree to assume liability for the remediation of the property.

We have not historically experienced significant environmental liability while being a contract driller since the greatest portion of that risk is borne by the operator. Any liabilities we have incurred have been small and were resolved while the drilling rig was on the location. Those costs were in the direct cost of drilling the well.

Litigation

The Company is subject to litigation and claims arising in the ordinary course of business which may include environmental, health and safety matters, commercial disputes with customers, or more routine employment related claims. The Company accrues for such items when a liability is both probable and the amount can be reasonably estimated. As new information becomes available or because of legal or administrative rulings in similar matters or a change in applicable law, the Company's conclusions regarding the probability of outcomes and the amount of estimated loss, if any, may change. Although we are insured against various risks, there is no assurance that the nature and amount of that insurance will be adequate, in every case, to indemnify us against liabilities arising from future legal proceedings.

On September 11, 2023, a group of plaintiffs filed an attempted class action lawsuit alleging that during the Company's Chapter 11 bankruptcy, it changed the anti-dilution language of the approved form of warrant agreement without seeking the court's approval under section 1127(b) of the Bankruptcy Code. The case was filed in the United States Federal District Court for the Western District of Oklahoma (WDOK). On December 20, 2023, the Company filed a motion in the U.S. Bankruptcy Court for the Southern District of Texas (the Court) asking it to enter an order that requires the plaintiffs to dismiss the lawsuit in the WDOK because the claims asserted therein are barred by releases granted by the plaintiffs pursuant to the confirmation order entered by the Court in connection with the Company's Chapter 11 Cases, and an injunction enjoining the plaintiffs from bringing any action subject to those releases. On October 4, 2024, the Court entered an order denying the Company's motion for an order enforcing the confirmation order. The Company has appealed the Court's decision to the United States District Court for the Southern District of Texas. The Company also filed a motion with the WDOK asking it to stay proceedings pending the appeal. The WDOK granted the Company's motion on June 13, 2025.

In the second quarter of 2025, a UDC employee was fatally injured while working on one of its drilling rigs. An estimate of possible loss cannot be made at this time.

NOTE 16 – INCOME TAXES

The following table presents a reconciliation between the income tax provision computed by applying the federal statutory rate to income before income taxes and our effective income tax expense (benefit) during the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
(In thousands)				
Income tax expense at statutory rate	\$ 4,549	\$ 3,067	\$ 9,267	\$ 7,494
State income tax expense, net of federal benefit	704	75	1,404	677
Restricted stock shortfall	—	—	440	—
Change in valuation allowance	90	—	(1,328)	—
General business credit carryforward	(5,857)	—	(5,857)	—
Other permanent items	77	(47)	165	(99)
Income tax expense (benefit)	<u>\$ (437)</u>	<u>\$ 3,095</u>	<u>\$ 4,091</u>	<u>\$ 8,072</u>

The Company reviews available positive and negative evidence to assess the need for a valuation allowance against the Company's deferred tax assets. Due to a decrease in the Company's allowance for losses and nondeductible accruals recognized in the six months ended June 30, 2025, the Company recognized a \$1.3 million decrease in the valuation allowance associated with that deferred tax asset. The Company will continue to maintain a partial valuation allowance on its deferred tax assets related to certain non-producing oil and gas properties and allowance for losses and nondeductible accruals. The Company did not recognize a change in the valuation allowance during the six months ended June 30, 2024.

During the second quarter of 2025, the Company finalized its calculation of the federal tax credit for oil and gas production from marginal wells for the calendar years 2020, 2021, and 2024. The calculation resulted in \$5.9 million of federal tax credits recognized during the period. Due to the Company's net tax loss position for calendar years 2020 and 2021, the Company has amended its general business tax credit carryforwards for those years.

Realizability of NOL carryforwards is dependent upon the Company's ability to produce future taxable income. Predicting future earnings is uncertain as commodity prices are volatile. As the Company continues to assess the realizability of NOL carryforwards going forward, changes in estimates of future taxable income could result in the need for a valuation allowance to

be applied in future periods. As of December 31, 2024, and finalization of the Company's 2023 income tax filings, the Company had an expected federal net operating loss carryforward of \$209.7 million of which \$8.7 million is subject to expiration in 2037.

The following table presents the components of our deferred tax assets and liabilities as of the dates indicated:

	June 30, 2025	December 31, 2024
	(In thousands)	
Deferred tax assets:		
Allowance for losses and nondeductible accruals	\$ 5,843	\$ 7,171
Net operating loss carryforward	42,378	49,281
Non-producing oil and natural gas properties	18,699	18,699
General business credit carryforward	7,361	1,738
Gross deferred tax assets	74,281	76,889
Valuation allowance	(24,542)	(25,870)
Total deferred tax assets	49,739	51,019
Deferred tax liabilities:		
Contract drilling and other equipment	(12,572)	(12,930)
Producing oil and natural gas properties	(7,978)	(5,110)
Total deferred tax liabilities	(20,550)	(18,040)
Deferred tax assets, net	\$ 29,189	\$ 32,979

NOTE 17 – TRANSACTIONS WITH RELATED PARTIES

Robert Anderson, a current director of the Company, also holds an executive position at GBK Corporation. GBK Corporation is a holding company with multiple subsidiaries and affiliates in the energy and industry sectors, including Kaiser Francis Oil Company. In the ordinary course of business, the Company has made payments to Kaiser Francis Oil Company for working interests, joint interest billings, and product purchases, and has received payments for working interests and joint interest billings.

The table below presents the payment activity with this related party during the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In thousands)			
Payments made to:				
Kaiser Francis Oil Company	\$ 254	\$ 210	\$ 523	\$ 531
Payments received from:				
Kaiser Francis Oil Company	\$ 708	\$ 1,592	\$ 1,492	\$ 2,673

NOTE 18 – INDUSTRY SEGMENT INFORMATION

We have two main business segments offering different products and services within the energy industry:

- *Oil and natural gas* - the oil and natural gas segment is engaged in the acquisition, development, and production of oil, NGLs, and natural gas properties.
- *Contract drilling* - the contract drilling segment is engaged in the land contract drilling of oil and natural gas wells.

We evaluate each consolidated segment's performance based on its operating income, which is defined as operating revenues less operating expenses and depreciation, depletion, amortization, and impairment. We have no oil and natural gas production or other operations outside the United States. The Company's chief operating decision maker (CODM) is the chief executive officer. The significant expense categories and amounts included in the table below align with the segment-level information that is regularly provided to the CODM.

The following tables provide certain information about the operations of each of our segments:

	Three Months Ended June 30, 2025			
	Oil and Natural Gas	Contract Drilling	Corporate and Other	Total Consolidated
	(In thousands)			
Revenues: ⁽¹⁾				
Total revenues	25,622	33,463	—	59,085
Expenses:				
Operating costs	10,451	23,548	—	33,999
Depreciation, depletion, and amortization	2,397	2,012	86	4,495
General and administrative	—	—	4,462	4,462
(Gain) loss on disposition of assets	—	(767)	52	(715)
Total operating expenses	12,848	24,793	4,600	42,241
Income (loss) from operations	12,774	8,670	(4,600)	16,844
Other income (expense):				
Interest income	—	—	590	590
Interest expense	—	—	(6)	(6)
Gain on derivatives	—	—	4,227	4,227
Other	—	13	(3)	10
Total other income (expense)	—	13	4,808	4,821
Income before income taxes	<u>\$ 12,774</u>	<u>\$ 8,683</u>	<u>\$ 208</u>	<u>\$ 21,665</u>
Capital expenditures:	<u>\$ 6,795</u>	<u>\$ 1,441</u>	<u>\$ 67</u>	<u>\$ 8,303</u>

1. The revenues for oil and natural gas occur at a point in time and the revenues for contract drilling occur over time.

	Three Months Ended June 30, 2024			
	Oil and Natural Gas	Contract Drilling	Corporate and Other	Total Consolidated
	(In thousands)			
Revenues: ⁽¹⁾				
Total revenues	20,410	36,347	—	56,757
Expenses:				
Operating costs	10,480	25,051	—	35,531
Depreciation, depletion, and amortization	1,798	1,779	82	3,659
General and administrative	—	—	5,601	5,601
Gain on disposition of assets	(27)	(1,183)	—	(1,210)
Total operating expenses	12,251	25,647	5,683	43,581
Income (loss) from operations	8,159	10,700	(5,683)	13,176
Other income (expense):				
Interest income	—	—	1,081	1,081
Interest expense	—	—	(8)	(8)
Gain on derivatives	—	—	133	133
Other	95	7	120	222
Total other income (expense)	95	7	1,326	1,428
Income (loss) before income taxes	<u>\$ 8,254</u>	<u>\$ 10,707</u>	<u>\$ (4,357)</u>	<u>\$ 14,604</u>
Capital expenditures:	<u>\$ 3,054</u>	<u>\$ 3,029</u>	<u>\$ 37</u>	<u>\$ 6,120</u>

1. The revenues for oil and natural gas occur at a point in time and the revenues for contract drilling occur over time.

Six Months Ended June 30, 2025				
	Oil and Natural Gas	Contract Drilling	Corporate and Other	Total Consolidated
	(In thousands)			
Revenues: ⁽¹⁾				
Total revenues	54,009	68,548	—	122,557
Expenses:				
Operating costs	20,514	48,079	—	68,593
Depreciation, depletion, and amortization	4,485	3,974	172	8,631
General and administrative	—	—	9,758	9,758
(Gain) loss on disposition of assets	—	(851)	52	(799)
Total operating expenses	24,999	51,202	9,982	86,183
Income (loss) from operations	29,010	17,346	(9,982)	36,374
Other income (expense):				
Interest income	—	—	1,137	1,137
Interest expense	—	—	(16)	(16)
Gain on derivatives	—	—	6,529	6,529
Other	92	16	(3)	105
Total other income (expense)	92	16	7,647	7,755
Income (loss) before income taxes	<u>\$ 29,102</u>	<u>\$ 17,362</u>	<u>\$ (2,335)</u>	<u>\$ 44,129</u>
Capital expenditures:	<u>\$ 15,060</u>	<u>\$ 4,366</u>	<u>\$ 82</u>	<u>\$ 19,508</u>

1. The revenues for oil and natural gas occur at a point in time and the revenues for contract drilling occur over time.

Six Months Ended June 30, 2024				
	Oil and Natural Gas	Contract Drilling	Corporate and Other	Total Consolidated
	(In thousands)			
Revenues: ⁽¹⁾				
Total revenues	46,982	76,979	—	123,961
Expenses:				
Operating costs	22,459	50,776	—	73,235
Depreciation, depletion, and amortization	3,700	3,698	162	7,560
General and administrative	—	—	10,579	10,579
(Gain) loss on disposition of assets	115	(1,260)	—	(1,145)
Total operating expenses	26,274	53,214	10,741	90,229
Income (loss) from operations	20,708	23,765	(10,741)	33,732
Other income (expense):				
Interest income	—	—	2,035	2,035
Interest expense	—	—	(38)	(38)
Gain on derivatives	—	—	133	133
Reorganization items, net	—	—	(22)	(22)
Other	104	352	(611)	(155)
Total other income (expense)	104	352	1,497	1,953
Income (loss) before income taxes	<u>\$ 20,812</u>	<u>\$ 24,117</u>	<u>\$ (9,244)</u>	<u>\$ 35,685</u>
Capital expenditures:	<u>\$ 4,160</u>	<u>\$ 4,836</u>	<u>\$ 54</u>	<u>\$ 9,050</u>

1. The revenues for oil and natural gas occur at a point in time and the revenues for contract drilling occur over time.

Balances as of June 30, 2025				
Oil and Natural Gas	Contract Drilling	Corporate and Other	Eliminations	Total Consolidated
(In thousands)				

Identifiable assets:

Total identifiable assets ^{(1) (2)}	123,785	87,825	—	(148)	211,462
Other corporate assets ⁽³⁾	—	—	60,095	—	60,095
Deferred tax assets	—	—	29,189	—	29,189
Total assets	<u>\$ 123,785</u>	<u>\$ 87,825</u>	<u>\$ 89,284</u>	<u>\$ (148)</u>	<u>\$ 300,746</u>

1. Oil and natural gas assets include oil and natural gas properties, and other non-full cost pool assets.
2. Identifiable assets are those used in Unit's operations in each industry segment.
3. Other corporate assets are principally cash and cash equivalents, short-term investments, transportation equipment, furniture, and equipment.

Balances as of December 31, 2024				
Oil and Natural Gas	Contract Drilling	Corporate and Other	Eliminations	Total Consolidated
(In thousands)				

Identifiable assets:

Total identifiable assets ^{(1) (2)}	106,116	94,088	—	(148)	200,056
Other corporate assets ⁽³⁾	—	—	56,208	—	56,208
Deferred tax assets	—	—	32,979	—	32,979
Total assets	<u>\$ 106,116</u>	<u>\$ 94,088</u>	<u>\$ 89,187</u>	<u>\$ (148)</u>	<u>\$ 289,243</u>

1. Oil and natural gas assets include oil and natural gas properties, and other non-full cost pool assets.
2. Identifiable assets are those used in Unit's operations in each industry segment.
3. Other corporate assets are principally cash and cash equivalents, short-term investments, transportation equipment, furniture, and equipment.

Item 4. Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction

The following discussion should be read together with the condensed consolidated financial statements included in Item 3 of this report and in Part D of our 2024 annual report filed with the OTC Markets Group on March 13, 2025.

We operate, manage, and analyze the results of our operations through our two principal business segments:

- Oil and Natural Gas – carried out by our subsidiary Unit Petroleum Company. This segment develops, acquires, and produces oil and natural gas properties for our own account.
- Contract Drilling – carried out by our subsidiary Unit Drilling Company. This segment contracts to drill onshore oil and natural gas wells for a wide range of other oil and natural gas companies.

Oil and Natural Gas

In our oil and natural gas segment, we are optimizing production and converting non-producing reserves to producing with selective drilling activities. We evaluate future hedging of our production opportunistically depending on future market pricing among other factors.

Contract Drilling

In our contract drilling segment, we are focused on maintaining utilization of our current fleet of 14 BOSS drilling rigs in a safe and efficient manner. Generally, the contract periods for our rigs range from 3 to 12 months, but shorter terms are possible in certain situations.

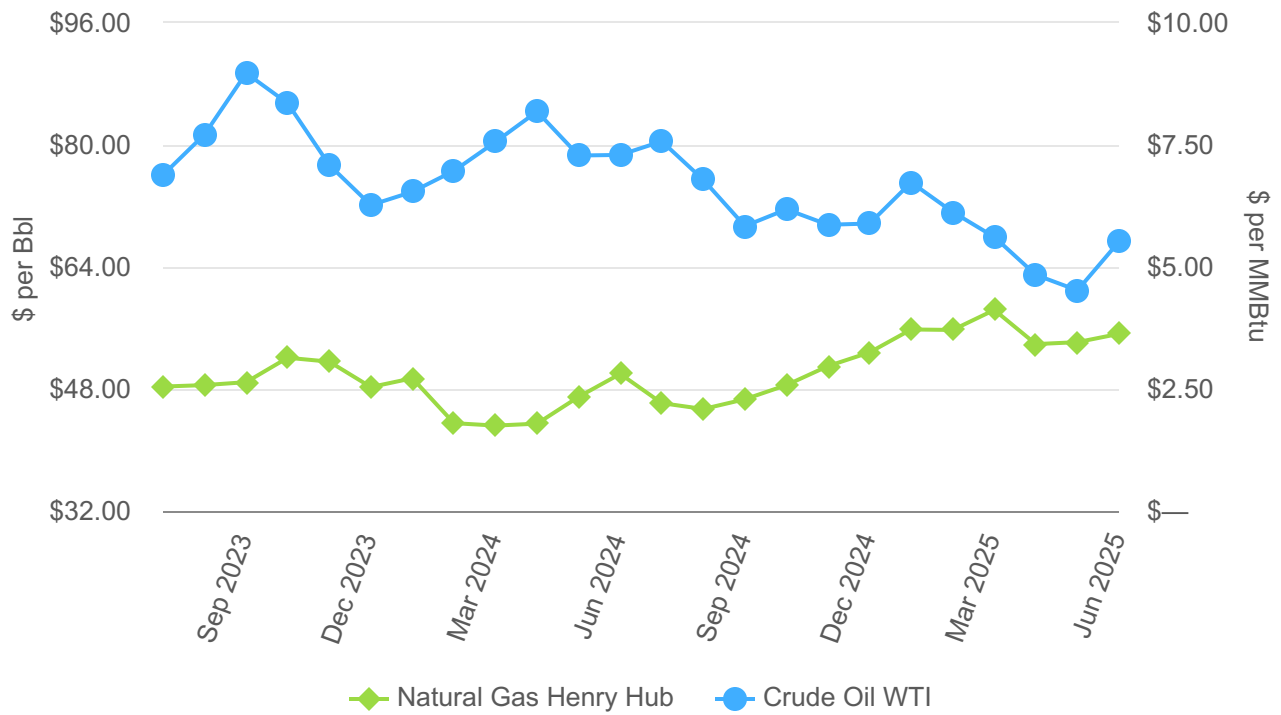
As of June 30, 2025 four of our 14 BOSS rigs are stacked in our Odessa Yard. We are actively seeking new contract opportunities for those rigs as well as managing our upcoming contract renewals, however in the current economic environment we continue to see downward pressure on market dayrates.

Recent Developments

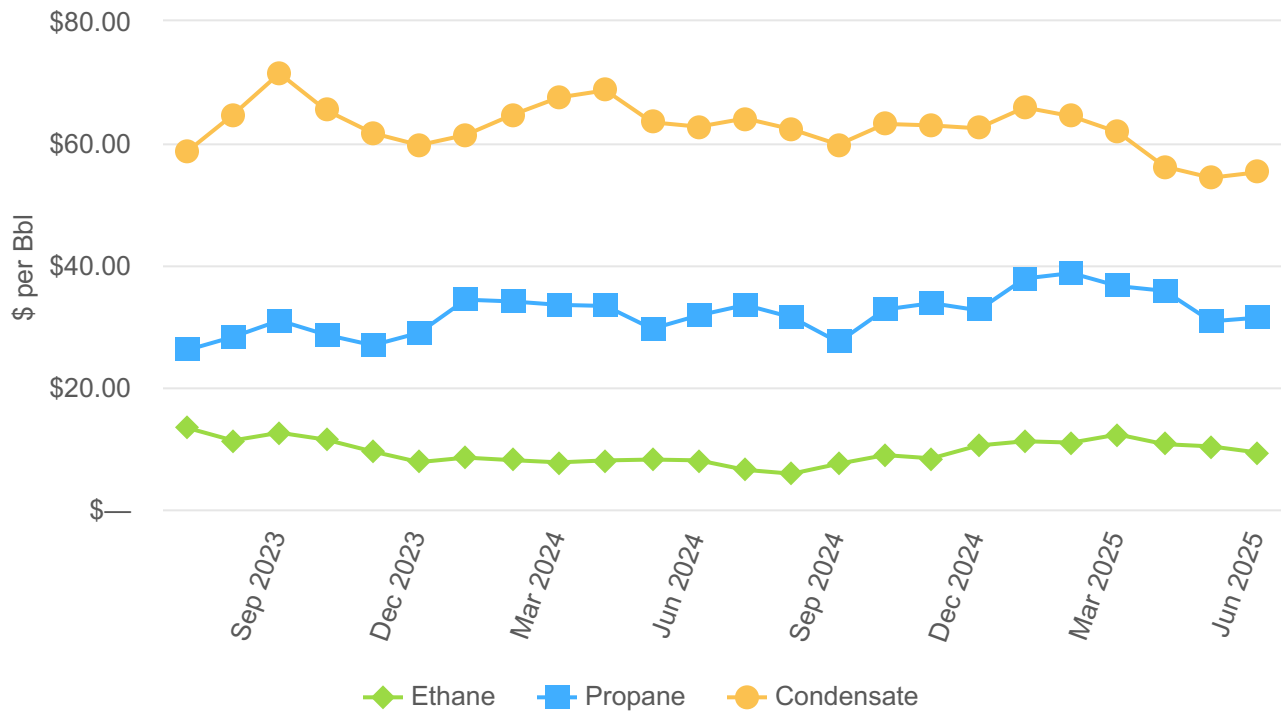
Commodity Price Environment

The prices we receive for our oil and natural gas production, the demand for oil, natural gas, and NGLs, and the demand for our drilling rigs, which influences the amounts we can charge for those drilling rigs, are all significant drivers of our results. While our operations are all within the United States, events outside the United States affect us and our industry, including political and economic uncertainty and geopolitical activity.

The following chart reflects the fluctuations in the historical prices for oil and natural gas:



The following chart reflects the fluctuations in the prices for NGLs⁽¹⁾:



1. NGL prices reflect the monthly average Mont Belvieu price.

Common Stock Dividends

The table below presents information about the dividends paid during the periods indicated:

	Type	Dividend per share	Total Amount ¹	Record Date	Payment Date
2024					
First quarter	Quarterly	\$ 1.25	\$ 12,269	March 18, 2024	March 28, 2024
Second quarter	Quarterly	\$ 1.25	\$ 12,961	June 17, 2024	June 27, 2024
2025					
First quarter	Quarterly	\$ 1.25	\$ 12,317	March 18, 2025	March 28, 2025
Second quarter	Quarterly	\$ 1.25	\$ 12,317	June 17, 2025	June 27, 2025

1. Total dividends paid does not reflect changes in dividend equivalent rights as reflected in the statement of changes in shareholders' equity

The declaration and payment of any future dividend, whether fixed, special, or variable, will remain at the full discretion of the Company's Board of Directors and will depend upon the Company's financial position, results of operations, cash flows, capital requirements, business conditions, future expectations, the requirements of applicable law, and other factors that the Company's Board of Directors finds relevant at the time of considering any potential dividend declaration. Future dividends are expected to be funded by cash on the Company's balance sheet.

Sale of Superior Investment

On April 24, 2023, we entered into and closed a purchase and sale agreement with SP Investor under which the Company sold its 50% ownership interest in Superior for \$20.0 million. Unit received proceeds of \$12.0 million at closing and the remaining proceeds of \$8.0 million were received on April 23, 2024.

Financial Condition and Liquidity

Summary

Our near-term and long-term financial condition and liquidity primarily depend on our cash on hand, the cash flow from our operations, and credit agreement borrowings. The principal factors determining our cash flow from operations are:

- the volume of natural gas, oil, and NGLs we produce;
- the prices we receive for our natural gas, oil, and NGLs production;
- the utilization of our drilling rigs; and
- the dayrates we receive for utilization of our drilling rigs.

We currently expect that cash and cash equivalents, cash generated from operations, and available funds under our credit facility will be adequate to support our working capital, capital expenditures, dividend distributions, discretionary stock repurchases, and other cash requirements for at least the next 12 months and we are not aware of any indications that they will not be adequate for the foreseeable periods thereafter.

The table below summarizes cash flow activity during the periods indicated:

	Six Months Ended June 30,		Percent Change ⁽¹⁾
	2025	2024	
(In thousands except percentages)			
Net cash provided by operating activities	\$ 48,326	\$ 41,631	16 %
Net cash provided by (used in) investing activities	(15,803)	5,216	NM
Net cash used in financing activities	(26,277)	(26,818)	2 %
Net increase in cash and cash equivalents	<u>\$ 6,246</u>	<u>\$ 20,029</u>	

1. NM – A percentage calculation is not meaningful due to a zero-value denominator or a percentage change greater than 200.

Cash Flows from Operating Activities

Our operating cash flow is primarily influenced by the prices we receive for our oil, NGLs, and natural gas production, the volume of oil, NGLs, and natural gas we produce, settlements of commodity derivative contracts, third-party utilization of our drilling rigs, and the rates charged for those drilling services. Our cash flows from operating activities are also affected by changes in working capital.

Net cash provided by operating activities during the first six months of 2025 increased by \$6.7 million as compared to the first six months of 2024 primarily due to higher net income, cash settlements on derivatives, and an increase in changes in working capital.

Cash Flows from Investing Activities

We anticipate using a portion of our free cash flows for capital expenditures related to our development and production of oil, NGLs, and natural gas as well as the maintenance of our existing drilling rig fleet.

Net cash provided by (used in) investing activities decreased by \$21.0 million during the first six months of 2025 compared to the first six months of 2024 primarily due to higher capital expenditures in our oil and gas segment, partially offset by proceeds from the Superior sale received in April 2024. We had 1.57 net wells completed or in progress for the six months ended June 30, 2025 compared to 0.51 net wells completed or in progress for the six months ended June 30, 2024.

Cash Flows from Financing Activities

Net cash used in financing activities increased by \$0.5 million during the first six months of 2025 compared to the first six months of 2024. This is primarily due to common stock repurchases in the first six months of 2024.

As of June 30, 2025, we had unrestricted cash and cash equivalents totaling \$55.1 million and no outstanding borrowings under the Second credit agreement.

The following table summarizes certain financial condition and liquidity information as of the dates identified:

	June 30, 2025	December 31, 2024
	(In thousands)	
Working capital	\$ 67,609	\$ 57,782
Current portion of long-term debt	\$ —	\$ —
Long-term debt	\$ —	\$ —
Shareholders' equity	\$ 247,082	\$ 232,521

Working Capital

Our working capital fluctuates due to the increase or decrease of our cash and cash equivalents and the timing of our trade accounts receivable and accounts payable. We had positive working capital of \$67.6 million as of June 30, 2025 compared to positive working capital of \$57.8 million as of December 31, 2024. The increase in working capital is primarily due to an increase in cash and cash equivalents and an increase in commodity derivative assets.

Credit Agreement

Second Amended and Restated Credit Agreement. On March 8, 2024, the Company entered into the Second Amended and Restated Credit Agreement (the Second credit agreement), dated as of March 8, 2024 and effective as of March 1, 2024. This agreement replaces the Exit credit agreement, which was set to mature on March 1, 2024. The Second credit agreement provides a \$10.0 million initial borrowing base, subject to semi-annual redetermination, with BOKF, NA dba Bank of Oklahoma (BOKF). The Second credit agreement matures on March 8, 2027 and is collateralized by the Company's BOSS rigs and upstream properties.

Exit Credit Agreement. On the Emergence Date, the Company entered into an amended and restated credit agreement (the Exit credit agreement), providing for a \$140.0 million senior secured revolving credit facility (RBL Facility) and a \$40.0 million senior secured term loan facility, among (i) the Company, UDC, and UPC (together, the Borrowers), (ii) the guarantors party thereto, including the Company and all of its subsidiaries existing as of the Emergence Date (other than Superior and its subsidiaries), (iii) the lenders party thereto from time to time (Emergence Lenders), and (iv) BOKF, NA dba Bank of Oklahoma as administrative agent and collateral agent (in such capacity, the Administrative Agent). The maturity date of borrowings under the Exit credit agreement was March 1, 2024. The Exit credit agreement was secured by first-priority liens on substantially all of the personal and real property assets of the Borrowers and the Guarantors, including the Company's ownership interests in Superior.

Capital Requirements

Oil and Natural Gas Segment Acquisitions, Capital Expenditures, and Dispositions. Most of our capital expenditures for this segment are discretionary and directed toward growth. Our decisions to increase our oil, NGLs, and natural gas reserves through acquisitions or through drilling depends on the prevailing or expected market conditions, potential return on investment, future drilling potential, and opportunities to obtain financing, which provide us flexibility in deciding when and if to incur these costs. We participated in the completion of 12 gross wells (1.14 net wells) drilled by other operators during the first six months of 2025 compared to 6 gross wells (0.30 net wells) during the first six months of 2024.

Oil and natural gas segment capital expenditures, including oil and gas properties on the full cost method, during the first six months of 2025 totaled \$15.1 million, compared to \$4.2 million during the first six months of 2024. We had 16 gross wells (0.43 net wells) in progress as of June 30, 2025 compared to 6 gross wells (0.21 net wells) in progress as of June 30, 2024.

Net proceeds for the sale of other non-core oil and natural gas assets totaled \$1.5 million and \$1.9 million during the six months ended June 30, 2025 and 2024, respectively. These proceeds reduced the net book value of our full cost pool with no gain or loss recognized as the sales did not result in a significant alteration of the full cost pool.

Contract Drilling Segment Dispositions, Acquisitions, and Capital Expenditures. Near term capital expenditures are primarily expected to be for maintenance and upgrades on our drilling rigs. Contract drilling capital expenditures totaled \$4.4 million during the first six months of 2025 compared to \$4.8 million during the first six months of 2024.

Proceeds for the sale of other non-core contract drilling assets totaled \$1.8 million and \$1.7 million during the six months ended June 30, 2025 and 2024, respectively. These proceeds resulted in net gains of \$0.9 million and \$1.3 million during the six months ended June 30, 2025 and 2024, respectively. The net gains are presented within gain on disposition of assets in the consolidated statements of operations.

Derivative Activities

Commodity Derivatives. Our commodity derivatives are intended to reduce our exposure to price volatility and manage price risks. Those contracts limit the risk of downward price movements for commodities subject to derivative contracts, but they also limit increases in future revenues that would otherwise result from price movements above the contracted prices. Our decision on the type and quantity of our production and the price(s) of our derivative(s) is based, in part, on our view of current and future market conditions.

The following non-designated commodity hedges were outstanding as of June 30, 2025:

Remaining Term	Commodity	Contracted Volume	Weighted Average Fixed Price for Swaps	Contracted Market
Jul'25 - Dec'25	Natural gas - basis swap Floating to fixed	10,000 MMBtu/day	\$(0.30)	IF - PEPL - TX-OK
Jul'25 - Dec'25	Natural gas - basis swap Floating to fixed	7,500 MMBtu/day	\$(0.25)	IF - PEPL - TX-OK
Jul'25 - Dec'25	Natural gas - basis swap Floating to fixed	5,000 MMBtu/day	\$(0.25)	IF - PEPL - TX-OK
Jul'25 - Dec'25	Natural gas - swap Floating to fixed	15,000 MMBtu/day	\$4.69	IF - NYMEX (HH)
Jan'26 - Dec'26	Natural gas - swap Floating to fixed	5,000 MMBtu/day	\$4.22	IF - NYMEX (HH)
Jul'25 - Dec'25	Crude Oil - swap Floating to fixed	15,000 Bbl/month	\$69.65	WTI - NYMEX
Jan'26 - Dec'26	Crude Oil - swap Floating to fixed	12,000 Bbl/month	\$65.85	WTI - NYMEX

As of June 30, 2025, based on our second quarter 2025 average daily production, the approximated percentages of our production under derivative contracts are as follows:

	2025	2026 and beyond
Daily oil production	22%	18%
Daily natural gas production	49%	14%

Using derivative instruments involves the risk that the counterparties cannot meet the financial terms of the transactions. We considered this non-performance risk regarding our counterparties and our own non-performance risk in our derivative valuation at June 30, 2025 and determined there was no material risk at that time. The fair value of the net assets (liabilities) we had with Bank of Oklahoma, our only commodity derivative counterparty, was \$4.9 million as of June 30, 2025.

Below is the effect of derivative instruments on the condensed consolidated statements of operations for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
(In thousands)				
Unrealized gain on derivatives	\$ 1,612	\$ 133	\$ 4,397	\$ 133
Gain on commodity derivatives settled	2,615	—	2,132	—
Gain on derivatives, net	\$ 4,227	\$ 133	\$ 6,529	\$ 133

Results of Operations

Three months ended June 30, 2025 versus three months ended June 30, 2024

Provided below is a comparison of selected operating and financial data:

	Three Months Ended June 30,						
	2025	2024	Change	Percent Change ⁽¹⁾			
	(In thousands except rig and day amounts, and as otherwise specified)						
Total revenue	\$	59,085	\$	56,757	\$	2,328	4 %
Net income	\$	22,102	\$	11,509	\$	10,593	92 %
Oil and Natural Gas:							
Revenue	\$	25,622	\$	20,410	\$	5,212	26 %
Operating costs	\$	10,451	\$	10,480	\$	(29)	— %
Average oil price (\$/Bbl)	\$	62.68	\$	79.23	\$	(16.55)	(21)%
Average oil price excluding derivatives (\$/Bbl)	\$	62.68	\$	79.23	\$	(16.55)	(21)%
Average NGLs price (\$/Bbl)	\$	19.20	\$	18.15	\$	1.05	6 %
Average NGLs price excluding derivatives (\$/Bbl)	\$	19.20	\$	18.15	\$	1.05	6 %
Average natural gas price (\$/Mcf)	\$	3.11	\$	1.00	\$	2.11	NM
Average natural gas price excluding derivatives (\$/Mcf)	\$	2.32	\$	1.00	\$	1.32	132 %
Oil production (MBbls)		201		170		31	18 %
NGL production (MBbls)		276		217		59	27 %
Natural gas production (MMcf)		3,276		2,982		294	10 %
Total production (MBOE)		1,023		884		139	16 %
Contract Drilling:							
Revenue	\$	33,463	\$	36,347	\$	(2,884)	(8)%
Operating costs	\$	23,548	\$	25,051	\$	(1,503)	(6)%
Total drilling rigs available for use at the end of the period		14		14		—	— %
Average number of drilling rigs in use		11.3		11.9		(0.6)	(5)%
Average dayrate on daywork contracts (\$/day)	\$	29,284	\$	30,786	\$	(1,502)	(5)%
Corporate and Other:							
General and administrative expense	\$	4,462	\$	5,601	\$	(1,139)	(20)%
Other income (expense):							
Interest income	\$	590	\$	1,081	\$	(491)	(45)%
Interest expense	\$	(6)	\$	(8)	\$	2	25 %
Gain on derivatives	\$	4,227	\$	133	\$	4,094	NM
Income tax (benefit) expense, net	\$	(437)	\$	3,095	\$	(3,532)	(114)%

1. NM – A percentage calculation is not meaningful due to a zero-value denominator or a percentage change greater than 200.

Oil and Natural Gas

Oil and natural gas revenues increased by \$5.2 million, or 26%, during the second quarter of 2025 compared to the second quarter of 2024, primarily due to higher price realizations for NGLs and natural gas and higher production volumes overall, partially offset by lower price realizations for oil. Excluding derivatives settled, average oil prices decreased by 21% to \$62.68 per barrel, average natural gas prices increased by 132% to \$2.32 per Mcf, and NGLs prices increased by 6% to \$19.20 per barrel.

Oil and natural gas operating costs remained consistent between the comparative second quarters of 2025 and 2024. This was primarily due to lower employee costs, offset by higher production taxes.

Contract Drilling

Drilling revenues decreased by \$2.9 million, or 8%, during the second quarter of 2025 compared to the second quarter of 2024, primarily due to a 5% decrease in the average number of rigs in use, which fell to 11.3 during the second quarter of 2025, and a 5% decrease in the average dayrates on daywork contracts.

Drilling operating costs decreased by \$1.5 million, or 6%, between the comparative second quarters of 2025 and 2024, primarily due to the decrease in the average number of rigs in use.

General and Administrative

Corporate general and administrative expenses decreased by \$1.1 million, or 20%, during the second quarter of 2025 compared to the second quarter of 2024, primarily due to lower stock-based compensation and lower corporate costs.

Interest Income

Interest income decreased by \$0.5 million during the second quarter of 2025 compared to the second quarter of 2024, primarily due to lower average interest rates.

Interest Expense

Changes in interest expense between the comparative second quarters of 2025 and 2024 are primarily related to commitment fees paid on the unused portion of the Second credit agreement. There were no borrowings outstanding on our credit facility during either of the comparative quarters.

Gain on Derivatives

The \$4.1 million favorable change in gain on derivatives between the comparative second quarters of 2025 and 2024 is primarily due to timing of market pricing changes on outstanding commodity derivative positions and increased commodity derivative activity in 2025.

Income Tax Benefit, Net

The \$3.5 million favorable change in income tax expense, net between the comparative second quarters of 2025 and 2024 is primarily due to the recognition of the federal tax credit of \$5.9 million from oil and gas production from marginal wells for calendar years 2020, 2021, and 2024 recognized in the three months ended June 30, 2025, partially offset by greater pre-tax income in the three months ended June 30, 2025.

Six months ended June 30, 2025 versus six months ended June 30, 2024

Provided below is a comparison of selected operating and financial data:

	Six Months Ended June 30,			
	2025	2024	Change	Percent Change ⁽¹⁾
	(In thousands except rig and day amounts, and as otherwise specified)			
Total revenue	\$ 122,557	\$ 123,961	\$ (1,404)	(1)%
Net income	\$ 40,038	\$ 27,613	\$ 12,425	45 %
Oil and Natural Gas:				
Revenue	\$ 54,009	\$ 46,982	\$ 7,027	15 %
Operating costs	\$ 20,514	\$ 22,459	\$ (1,945)	(9)%
Average oil price (\$/Bbl)	\$ 66.18	\$ 77.16	\$ (10.98)	(14)%
Average oil price excluding derivatives (\$/Bbl)	\$ 66.18	\$ 77.16	\$ (10.98)	(14)%
Average NGLs price (\$/Bbl)	\$ 20.96	\$ 19.65	\$ 1.31	7 %
Average NGLs price excluding derivatives (\$/Bbl)	\$ 20.96	\$ 19.65	\$ 1.31	7 %
Average natural gas price (\$/Mcf)	\$ 3.03	\$ 1.42	\$ 1.61	113 %
Average natural gas price excluding derivatives (\$/Mcf)	\$ 2.69	\$ 1.42	\$ 1.27	89 %
Oil production (MBbls)	391	357	34	10 %
NGL production (MBbls)	513	515	(2)	— %
Natural gas production (MMcf)	6,365	6,484	(119)	(2)%
Total production (MBOE)	1,965	1,953	12	1 %
Contract Drilling:				
Revenue	\$ 68,548	\$ 76,979	\$ (8,431)	(11)%
Operating costs	\$ 48,079	\$ 50,776	\$ (2,697)	(5)%
Total drilling rigs available for use at the end of the period	14	14	—	— %
Average number of drilling rigs in use	12.0	12.8	(0.8)	(6)%
Average dayrate on daywork contracts (\$/day)	\$ 29,322	\$ 30,842	\$ (1,520)	(5)%
Corporate and Other:				
General and administrative expense	\$ 9,758	\$ 10,579	\$ (821)	(8)%
Other income (expense):				
Interest income	\$ 1,137	\$ 2,035	\$ (898)	(44)%
Interest expense	\$ (16)	\$ (38)	\$ 22	58 %
Gain on derivatives	\$ 6,529	\$ 133	\$ 6,396	NM
Income tax expense, net	\$ 4,091	\$ 8,072	\$ (3,981)	(49)%

1. NM – A percentage calculation is not meaningful due to a zero-value denominator or a percentage change greater than 200.

Oil and Natural Gas

Oil and natural gas revenues increased by \$7.0 million, or 15%, during the six months ended June 30, 2025 compared to the six months ended June 30, 2024. This increase was primarily due to higher price realizations for NGLs and natural gas, partially offset by lower price realizations for oil. Excluding derivatives settled, average oil prices decreased by 14% to \$66.18 per barrel, average natural gas prices increased by 89% to \$2.69 per Mcf, and NGLs prices increased by 7% to \$20.96 per barrel.

Oil and natural gas operating costs decreased by \$1.9 million, or 9%, during the six months ended June 30, 2025 compared to the six months ended June 30, 2024. This decrease was primarily due to lower lease operating expenses partially offset by higher production taxes.

Contract Drilling

Contract drilling revenues decreased \$8.4 million or 11% during the six months ended June 30, 2025 compared to the six months ended June 30, 2024 primarily due to a 6% decrease in the average number of drilling rigs in use from 12.8 to 12.0 and a 5% decrease in the average dayrates on daywork contracts.

Contract drilling operating costs decreased \$2.7 million or 5% during the six months ended June 30, 2025 compared to the six months ended June 30, 2024. This decrease was primarily due to the decrease in the average number of rigs in use.

General and Administrative

General and administrative expenses decreased by \$0.8 million or 8% during the six months ended June 30, 2025 compared to the six months ended June 30, 2024, primarily due to lower stock-based compensation.

Interest Income

Interest income decreased \$0.9 million during the six months ended June 30, 2025 compared to the six months ended June 30, 2024 primarily due to lower average interest rates.

Interest Expense

Changes in interest expense between the six months ended June 30, 2025 and 2024 are primarily related to commitment fees paid on the unused portion of the Second credit agreement. There were no borrowings outstanding on our credit facility during either of the comparative periods.

Gain on Derivatives

The \$6.4 million favorable change in gain on derivatives between the comparative six months ended June 30, 2025 and 2024 is primarily due to timing of market pricing changes on outstanding commodity derivative positions and increased commodity derivative activity in 2025.

Income Tax Expense (Benefit), net

The \$4.0 million favorable change in income tax expense (benefit), net during the six months ended June 30, 2025 compared to the six months ended June 30, 2024 is primarily due to the recognition of the federal tax credit of \$5.9 million from oil and gas production from marginal wells for calendar years 2020, 2021, and 2024, and a \$1.3 million decrease in the deferred tax asset valuation allowance recognized in the six months ended June 30, 2025, partially offset by greater pre-tax income in the comparative quarters and tax expense related to our stock-based compensation shortfall of \$0.4 million recognized in the six months ended June 30, 2025.

Item 5. Legal Proceedings

For further information about outstanding legal proceedings, please see Item 3. Interim Financial Statements, Note 15 – Commitments and Contingencies.

Item 6. Defaults Upon Senior Securities

Not applicable.

Item 7. Other Information

Not applicable.

Item 8. Exhibits

Exhibits:

- 9.1 [Certification of Principal Executive Officer](#)
- 9.2 [Certification of Principal Financial Officer](#)

Item 9. Certifications

Current certifications are filed as Exhibits 9.1 and 9.2 to this Quarterly Report.

Exhibit 9.1 Certification of Principal Executive Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Phil Frohlich, Chief Executive Officer of Unit Corporation, certify that:

1. I have reviewed this Quarterly Report of Unit Corporation;
2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this Quarterly Report; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Quarterly Report, fairly present in all material respects the financial condition, results of operations, and cash flows of the issuer as of, and for, the periods presented in this Quarterly Report.

/s/ Phil Frohlich
Phil Frohlich
Chief Executive Officer

Date: August 7, 2025

Exhibit 9.2 Certification of Principal Financial Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Thomas D. Sell, Chief Financial Officer of Unit Corporation, certify that:

1. I have reviewed this Quarterly Report of Unit Corporation;
2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this Quarterly Report; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Quarterly Report, fairly present in all material respects the financial condition, results of operations, and cash flows of the issuer as of, and for, the periods presented in this Quarterly Report.

/s/ Thomas D. Sell
Thomas D. Sell
Chief Financial Officer

Date: August 7, 2025